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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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December 15, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number LAC+USC MC – Various \$3,500
- (2) Account Number LAC+USC MC – 16307013 \$1,324,011

Patients who received medical care at non-County facilities:

- (3) Account Number EMS – 613 \$4,470
- (4) Account Number EMS – 302 \$7,000
- (5) Account Number EMS – 614 \$14,375

Total All Accounts: \$ 1,353,356

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 December 15, 2015

PATRICK OGAWA
ACTING EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at County facilities: The compromise offer of settlement for patient account (1) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in this case. The compromise offer of settlement for patient account (2) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (3) - (5) are recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities through the Los Angeles County Trauma Fund. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$1,353,356.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of

medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:ab

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: DECEMBER 15, 2015

Total Gross Charges	\$22,139	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$22,139	Date of Service	Various
Compromise Amount Offered	\$3,500	% Of Charges	16 %
Amount to be Written Off	\$18,639	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$22,139 for medical services rendered. The patient had ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and the patient's attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33 %
Lawyer's Cost	-	-	-
LAC+USC Medical Center *	\$22,139	\$3,500	23 %
Other Lien Holders *	\$7,445	\$1,500	11 %
Patient	-	\$5,000	33 %
Total	-	\$15,000	100 %

* Lien holders are receiving 34% of the settlement (23% to LAC+USC Medical Center and 11% to others).

This patient is covered by ATP and as a condition of the ATP agreement; the County may pursue reimbursement from any responsible third party. Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: DECEMBER 15, 2015

Total Gross Charges	\$1,595,194	Account Number	16307013
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$1,595,194	Date of Service	5/5/2014 – 9/9/2014
Compromise Amount Offered	\$1,324,011	% Of Charges	83 %
Amount to be Written Off	\$271,183	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in motorcycle vs automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$1,595,194 for medical services rendered. The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: DECEMBER 15, 2015

Total Charges (Providers)	\$53,307	Account Number	EMS 613
Amount Paid to Provider	\$7,051	Service Type / Date of Service	Outpatient 3/20/2015
Compromise Amount Offered	\$4,470	% of Payment Recovered	63 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center and incurred total outpatient gross charges of \$53,307 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$7,051. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$5,000	33 %
Other Lien Holders *	\$6,166	\$530	4 %
Los Angeles County *	\$53,307	\$4,470	30 %
Patient		\$5,000	33 %
Total		\$15,000	100 %

* Lien holders are receiving 34% of the settlement (30% to Los Angeles County and 4% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 63% (\$4,470) of amount paid to Providence Holy Cross Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: DECEMBER 15, 2015

Total Charges (Providers)	\$34,083	Account Number	EMS 302
Amount Paid to Provider	\$12,471	Service Type / Date of Service	Inpatient 8/21/2013 - 8/22/2013
Compromise Amount Offered	\$7,000	% of Payment Recovered	56 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at St. Francis Medical Center and incurred total inpatient gross charges of \$34,083 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$12,471. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$5,000	33 %
Other Lien Holders *	\$1,762	\$1,002	7 %
Los Angeles County *	\$34,083	\$7,000	47 %
Patient		\$1,998	13 %
Total		\$15,000	100 %

* Lien holders are receiving 54% of the settlement (47% to Los Angeles County and 7% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 56% (\$7,000) of amount paid to St. Francis Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: DECEMBER 15, 2015

Total Charges (Providers)	\$55,192	Account Number	EMS 614
Amount Paid to Provider	\$6,425	Service Type / Date of Service	Outpatient 7/26/2012
Compromise Amount Offered	\$14,375	% of Payment Recovered	224 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center and incurred total outpatient gross charges of \$55,192 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$6,425. The patient's third-party claim has been settled for \$250,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$250,000)
Attorney fees	\$82,500	\$82,500	33 %
Attorney Cost	\$7,779	\$7,779	3 %
Other Lien Holders *	\$247,731	\$65,486	26 %
Los Angeles County *	\$55,192	\$14,375	6 %
Patient		\$79,860	32 %
Total		\$250,000	100 %

* Lien holders are receiving 32% of the settlement (6% to Los Angeles County and 26% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 224% (\$14,375) of amount paid to Providence Holy Cross Medical Center.